

**FOR CLERK USE ONLY**

RDA

Item No.

14

CALEXICO COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF CALEXICO FACT SHEET

Redevelopment Agency
Department

April 6, 2010
Requested Date

1. Request:

RDA Approval

☐Information Only/
Presentation☐

Other (specify)

☒

Hearing

☐**2. Requested Action:**

Don Pedro's Restaurant request to appeal denial of \$25,000 loan from the Agency Revolving Loan Fund. Provide direction to staff.

3. Fiscal Impact:

Revenue:

Increase

☐

Source:

Decrease

☐

Amount:

Cost:

Increase

☐

Source:

Decrease

☒

Amount:

RDA Revolving Loan

\$25,000.00

Does Not Apply ☐**4. Reviewed By:**

Finance Dept. on

Comments:

By:

City Attorney on

Comments:

By:

Note: Back up must be submitted along with this form. Deadline is 5:00 p.m., 2 Fridays before the scheduled meeting date.

CLERK USE ONLY:

RDA DATE:

Action

☐

Filing

☐

Consent

☐

Presentation

☐

Hearing

☐

Other(specify)

☐


Reviewed by: City Clerk _____
Date _____

City Manager _____
Date _____

REDEVELOPMENT AGENCY AGENDA REPORT

SUBJECT: Redevelopment Agency Revolving Loan Program
Appeal on decision for Don Pedro's Authentic Mexican Food Inc.,
1074 E. Cole Blvd., Calexico

AGENDA DATE: April 6, 2010

PREPARED BY: Rosalind Guerrero, RDA Director 

APPROVED FOR AGENDA BY: Victor Carrillo, City Manager

RECOMMENDATION: Provide direction to staff

FISCAL IMPACT: \$25,000 RDA Revolving Loan Fund

BACKGROUND INFORMATION: (Prior action/information)

The Redevelopment Agency's Revolving Loan assists in retaining and creating jobs by providing businesses with gap financing for start-up, ongoing operations, and expansions. Businesses must be located within the city limits of Calexico/Redevelopment Agency project areas. The maximum allowed for financing is \$50,000. The program seeks to assist those businesses and projects with the greatest potential for long-term job creation and retention, and requires that 50% of jobs created or retained are low and moderate income households.

Don Pedro's has been operating since 2007. They are looking to relocate to the former Serrano's Restaurant. The property they are currently at is going through foreclosure and may create additional expenses or losses to the business if they continue at the same location. Per the business plan provided by Don Pedro's they have developed a new marketing approach and by relocating will have more visibility off Highway 111 and the Wal-Mart area. The expense forecasted should be less at the new location. In the last year local economic conditions have impacted the business and local community, thereby affecting Don Pedro's. The city's consultant has recommended denial of the loan request due to the following:

- No material collateral to support the loan
- Operation of business is medium to high risk
- Business is operating at an annual loss

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RECOMMENDATION:

Don Pedro's has requested an appeal to the denial of the loan. If approved by your Board, the following conditions may be considered:

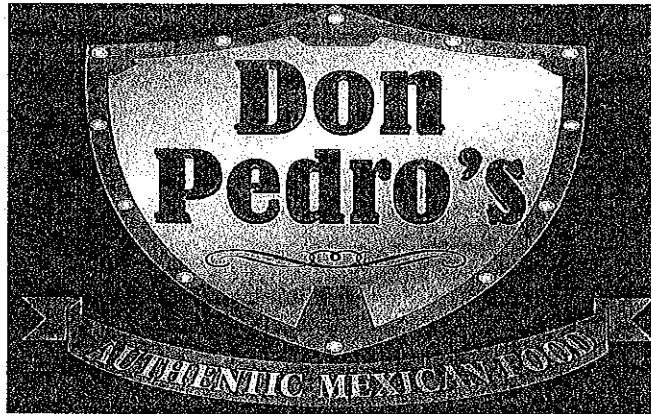
- 1) \$25,000 loan for a period of five (5) years at 1.25% interest (2 points below prime), prime is currently 3.25%. Payment of \$437.46 per month of principal and interest.

Or

- 2) \$25,000 loan for a period of six (6) years, with the first year's payment of interest only at 1.25%. Monthly payments would be approximately \$26.04. Loan repayment for the subsequent years would be based on projections or set a loan term for the remaining five (5) years at 1.25% with a payment of \$437.46 per month, principal and interest.

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March 28, 2010

To Whom It May Concern:

This letter is to request an appeal of the decision made by the City's financial consultant regarding the loan request made buy us, "Don Pedro's Authentic Mexican Food, Inc."

As you know, we have been in operation the last two years and we have had a difficult time due to infrastructure and location of our business. We are located at Calexico Gardens Mall. The mall at this time has 10 empty spaces out of 12 locations and it creates a gloomy business situation.

We request that you reconsider your decision on not funding our loan proposal and give us an opportunity to present our case before the RDA Board.

Sincerely,

A handwritten signature in black ink, appearing to read "P. Ramirez", written over a horizontal line.

Pedro Ramirez

A handwritten signature in black ink, appearing to read "Mario Rodriguez", written over a horizontal line.

Mario Rodriguez

cc: Victor Carrillo, City Manager
Calexico Chamber of Commerce